

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6839**

**BILL NUMBER:** HB 1319

**NOTE PREPARED:** Jan 24, 2008

**BILL AMENDED:**

**SUBJECT:** Assessment of forest land for taxation purposes.

**FIRST AUTHOR:** Rep. Grubb

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that land that has a forest canopy covering at least 50% of the area of the land and that was assessed as agricultural land for the March 1, 2005, assessment date is considered to be devoted to agricultural use and shall be assessed as agricultural land for taxation purposes unless: (1) the land is rezoned; (2) the land is divided into two or more parcels; (3) the ownership of the land is conveyed or transferred; or (4) there is a substantial change in the use of the land.

**Effective Date:** March 1, 2007 (retroactive).

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The level of assessment of forest land could have a slight impact on property tax revenues generated for the state fair and state forestry funds. A reduced assessment would reduce the amount collected for these funds.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** This bill would only affect property that is partially forested, was assessed as agricultural land for taxes paid in 2006, and is not currently (or in the future) being assessed that way. The amount and location of such land is not known.

The DLGF has set the base rate for agricultural land at \$1,200 per acre for taxes payable in 2009. This base value changes each year and is adjusted by a local soil productivity factor. If the assessed value of the affected land is higher under the different assessment method than it would be if assessed as agricultural

land, then this bill would reduce the assessment back to a level comparable to it's former assessment. A reduced assessment would cause a shift of a portion of the property tax burden from the affected land to all other properties. This would reverse the shift that occurred or would occur when the valuation method is changed from agricultural land.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Local assessing officials.

**Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859